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Responsibility for
leadership in America...

[New York?]

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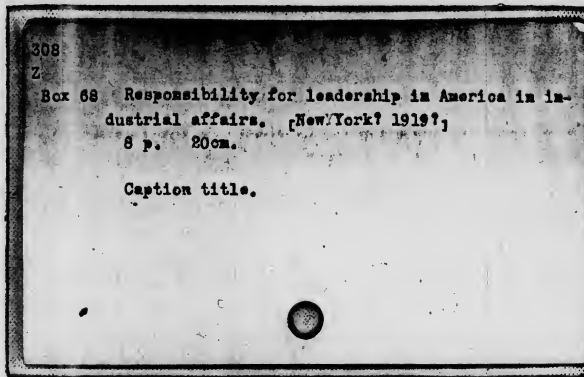
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Prof F P Holloman

RESPONSIBILITY FOR LEADERSHIP IN AMERICA IN INDUSTRIAL AFFAIRS

I have been asked to speak regarding "Responsibility for Leadership in America, in Industrial Affairs."

Undoubtedly there is a responsibility in this field as great as in that of Government or in any other activity affecting the body politic, but it is a more individual responsibility, and there is doubt whether the obligation to assume it is clearly recognized even among those who by training and experience are best fitted to do so.

Upon the way in which that responsibility is discharged, however, will in a large measure depend the future course of this nation in its industrial, social and political life.

In any attempt to define where this responsibility rests it is necessary to analyze the fundamental elements which constitute the industrial problem.

The desire for gain, self-centered interest, lack of vision, prejudice and envy, all play a part in complicating the industrial situation.

The world war and the needs it has developed have wrought revolutionary changes in industry. It has raised to an entirely new level the productive capacity of men and women; it has emphasized the dependence upon labor for all needs; it has created a new consciousness of capacity to produce and a keener appreciation of the value of productive effort in the minds of employer and employee.

Some of these industrial changes, especially the pressing need for labor, have provided an opportunity for the anarchist and demagogue to advance their theory that labor should seize and dominate industry, or failing in that should arrest its progress.

Bolshevik leaders have raised their heads and voices in all the warring countries, though happily they have prevailed in few,

The leaders of organized labor, which in the United States embraces about 10% of the wage earners, perceived and quickly seized the chance, and were accorded the opportunity to speak and to deal with the Government as though representing all labor and to obtain strategic positions and advantages which could be deftly used to extend the power of Unionism.

But, in the main, labor and capital, employee and employer have set aside many of their fundamental ideas and have patriotically accepted the seeming need for government control of industry for war purposes.

The former habits of thought of our people have given way under the plea of war necessity to the device of the hour, which has soon become the custom of the time and we now hear people talk glibly of permanent government ownership and operation of industries, who a year ago would have deemed it heresy.

Taxation has been laid on industry, capital and inheritance with a heavy and uneven hand and is proposed to be increased to a point which suggests that the redistribution of property is more in the minds of the framers of these measures than sound economic finance.

Meanwhile industry has been sailing along like a full-rigged ship, with all sails set, driven on the crest of the waves by a favoring gale, with no thought of breakers ahead. When the favoring gale has abated, when the war needs are over, when stern necessity no longer forces world trade to our shores, when our erstwhile customers become competitors, we shall find many of our industries stranding on the shifting sands of providence while the swift currents of economic competition carry forward the argosies of wiser navigators, who have laid their course by scientific study and preparation rather than by dead reckoning.

Whether we would or not, we are embarked upon a voyage to uncharted seas.

This war has been daily creating, and will ultimately produce, a new world, a new social and industrial order and, let us also hope, higher ethical standards and a revitalized religious spirit.

But the old problems will be there and there will be new and pressing questions.

To make the world safe for Democracy means also making the world surer and brighter for those masses whose industry has so helped to make the world what it is.

If we are to sail these uncharted seas with safety and success, if we are to find a new world of peace, justice and prosperity, we must have navigators and leaders of demonstrated training, experience and wisdom; and we must have the correct point of departure.

Without that we cannot chart a course to the haven where we would be.

5 March, 1920 - C.R.W.

In a Report of the Chamber of Commerce of the State of New York written early in 1914, by a committee of which I was a member, the following paragraph appears:

"A survey of the history of the remarkable industrial and business development of this country indicates that its achievements have been, in the main, due to the initiative, energy, enterprise and bold courage of an immense number of individuals breathing and operating in the free air of untrammelled opportunity, in which alone true genius can work and survive.

"To shackle the genius of this country, to limit individual freedom and initiative within the confines of parental government direction, other than the well-defined limits now understood and recognized as inconsistent with moral law, modern ethics, and the public welfare, would be to set brakes upon the splendid spirit of our people by which all our achievements have been inspired, if not indeed to break down the march of progress, and force us to the rear in that international contest for the world's business by which alone this country can continue to grow and reach the fruition of which there has heretofore been such ample promise."

Our point of departure then must be—whether we are going to revert after the war, to those free and untrammelled conditions which stimulate individual initiative and enterprise, or are we going to begin a new industrial era by perpetuating in peace the paternal hand of government, not only in regulating, but in directing and operating industry? In other words, should government functions mainly relate to helpful policies, co-operative bureaus, necessary regulation and legislative provision therefor, or shall they be permanently extended to cover the ownership and operation of many industries and functions heretofore those of private enterprise?

It is not necessary, nor does it fall within the purview of my remarks to discuss the relative efficiency of government management of industry to private management.

Perhaps in passing it may not be amiss to point to the large number of distinguished business men of constructive talents whose services have been secured to speed up and direct the industries of the nation, to produce and procure the vast supplies and services required for the prosecution of the war.

Is it not upon these men and others of their type—in other words, upon the practical experienced leaders in industry, representing capital,

labor and education, that the responsibility for leadership in American industrial affairs must permanently rest?

I believe so, and this necessarily means that they must take more time from their personal affairs to devote to the study and adjustment of questions of the public weal, and to the education of public opinion.

The educator holds a position of peculiar responsibility as well as of unusual opportunity. He is yearly planting the seed of wisdom or of discord in new fields, with a constantly expanding area of influence as it germinates and fructifies in the minds of his hearers. His responsibility to be sure of the truth of what he teaches is as immense as is his opportunity to state the problems and to enlighten the public mind. He is generally regarded as free from bias or selfish interest and with his wider forum is of much more influence than those representing employers and capital who are usually suspected of selfish purposes. And yet sometimes intellectual bias is as vicious as the most selfish interest in mis-stating the problems of industry and the corrections that should be sought.

Among those questions, the most prominent, as it is the most important, is the ever-present one of the relations that are and are to be between employer and employee and the share in the reward of industry that is to be enjoyed respectively by labor and capital.

To quote again from the Chamber of Commerce report:

"The spirit of unrest has been said to largely spring, not alone from unequal conditions of life, but from what has been called 'the unequal *distribution of wealth*.'

"Undoubtedly what has been meant is the unequal *acquisition of wealth*, but there will always be unequal acquisition of wealth as long as there is unequal *distribution of brains, industry and thrift*, and those are qualities of mind and character which no statutory laws can create or control, but the beneficent exercise of which unwise law can greatly restrict and discourage."

No one other thing causes such tremendous loss to industry, often incalculable, as strikes and lock-outs, and while hours and conditions of labor have had their part in these contests, the main cause has always been over the share that labor received in the form of its wage, and doubtless often when advanced wages were won they have not compensated for those lost by a strike.

But undoubtedly there is a better system and division coming.

Initiative, enterprise, capital and experience are preliminary necessities in all industry but they must remain inert and unproductive without the co-operation of labor.

If labor seems to furnish the lesser part, and to be shielded from the greater risk, it nevertheless is so essential to the combination that it is entitled to a larger share in the results than what is so often termed the "living wage."

Labor is the propagating element which germinates the seed planted by the inventor, the capitalist and the man of enterprise, and it must so share in the fruits of its industry as to provide stimulation for its own best endeavor, comfort and cheer in the working period of life and provision for old age.

Many leaders in industry recognize the right and justice of this principle as clearly and as sympathetically as the political leader or the professor of Social and Political Economy; but confronted more intimately with the practical difficulties of applying the principle, its application has been very slow, and favorable results have accrued in so few cases as to be scarcely known or recognized by industry as a whole.

I am not unmindful that some advanced thinkers and writers on the psychology of industrial workers believe that favorable conditions of employment, high wages, profit-sharing, and even participation in the management of industry would not wholly solve the problem of unrest or place industry on a permanently satisfactory basis.

It is held by some that the creative spirit of enterprise and satisfaction to be had from work well done is an aspiration of the worker which has not found recognition by employers nor had a chance for free play in modern industrial conditions, and that this is a more potent cause of unrest than the more material things of hours of work and rate of pay.

But the factory manager who daily sees the workers on the alert for the closing hour and watches them run at the first sound of the whistle to register out as though the plant was on fire, will also have many reasons convincing him that *as yet* nothing else counts so much to the average worker as what the pay envelope contains; not even the promise of a larger amount as bonus or share of profits to be paid at a future time if dependent upon some condition yet to be realized. Nevertheless the sincere psychologist in industry and social thinker, if honest, fulfills a real need. Ignorant of the day to day difficulties he may be, but moved by an unselfish and passionate desire for what he terms

"elemental justice," he plants his standard so high up that all must see it even though most people think it impracticable of attainment. Its very loftiness is a challenge to the imagination and to the aspiration for higher things which some, at least, are ever trying to find a practical path to reach.

Progress is not promoted by the propaganda so often preached that the existing order must be destroyed and a new industrial structure begun. The losses caused to society by unsound and uneconomic restrictions that have been imposed upon industry by law and by misguided labor have been incalculable. Improvement must come by evolution, by education, by knowledge of the facts and by an enlightened public opinion.

Legislation alone cannot achieve the desired result.

The diversity in industry is so great and the variation of the labor content in different productions so wide that no statutory formula could be devised equitable and applicable to all.

Moreover, what a worker gets by legislation, he considers the result of his own efforts or those of his organization or political leaders, and generally views it as less than his just due.

Again legislators are seldom experienced leaders in industry and often fail to apprehend or understand economic currents and the practical difficulties of applying social uplift plans by legislative fiat.

To quote once more from the report of the Chamber of Commerce:

"Economic Law, the product of economic forces springing from we know not where, is the most inevitable, as it is the most irresistible of all law. It is constantly changing with the progress of invention and science in the arts and industries, with the development of transportation and intercommunication, with the productive energy of new peoples and countries, and not even all those who are in daily touch with the administration of business affairs are always sensible to the changing currents and the overwhelming power of Economic Law and Necessity, which, like time and tides, wait for no man.

"The shores of the sea of commerce have been strewn with the wrecks of nations, corporations, firms and individuals which have failed to apprehend the trend and force of economic currents and to adjust their affairs thereto.

"Let us not forget that statutory law, if incompatible with or too inflexible to be co-ordinated with the changing elements of economic force, or if administered contrary to, or in ignorance thereof, will either be overborne by Economic Law and Necessity or else will tend to restrain, if not to destroy, industrial progress."

What share labor shall receive, therefore, as the reward of its effort, must be determined by a just appraisal of its contribution to the net result, in the full comprehension that without labor no result at all could be obtained.

That just appraisal, that fair division of compensation between capital, and those who direct enterprise, and productive labor must be accorded to labor as the share of a partner, and not be directed by law or won only by force.

Labor on the other hand must become legally and financially responsible for its agreements and for the consequences of its acts.

In my address to the Chamber of Commerce at its annual dinner in 1916, referring to this same topic, I then stated:

"I think there is no single element in industry before this country to-day of such vast importance as the matter of bringing these two constituents (labor and capital) into mutual confidence and understanding in a real spirit of co-operation. * * * Social theorists and economists are continually agitating for the solution of this problem, but practical business men must undertake it and do it; they must try to see both sides, perhaps especially the other side. They must approach the question free from selfish interest; they must look on it as a HUMAN as well as an economic problem."

That is equally applicable to the conditions prevailing to-day.

The responsibility to find formulae by which these relations can be established and by which such just division can be made rests upon the constructive leaders in industry.

The responsibility must be assumed and the problem be worked out by the virrile younger leaders, men of ideals and imagination, who themselves look upon life from the viewpoint of aspiration rather than by those who view it in retrospect and complacency, or by those who look upon success with jealousy, distrust and resentment.

Many other great problems loom before us affecting the progress of industry, i. e., the future of our Mercantile Marine and the world conditions affecting its maintenance and operation after the war; economies in production by the development of water-power; lessening the cost of

internal transportation through the development of waterways; finance relating to foreign banking and credit facilities and foreign credit information; information of foreign markets through consular reports and commercial museums; increased production of the soil through more scientific and intensive cultivation; the supply of raw materials and the cultivation of foreign trade through a larger use of the principal products and commodities of foreign countries.

This enumerates but a few of the problems and yet each is a great subject in itself.

Already for many months past the warring and neutral nations of Europe have been engaged in intensive studies and preparations, conducted by leading experts in all lines of business, to meet the world conditions that may prevail in these many elements of industry after the war, to determine their point of departure, to clearly chart their course and to be ready to set sail for the desired Promised Land.

I should indeed fail to show appreciation of the high privilege which has been accorded to me to speak in this gathering, to leaders in education who are projectors of ideas in much larger environments, if I omitted to express the hope that, if the principles, suggestions and the practical difficulties which I have outlined seem to you worthy of a larger field of consideration and discussion, you will, in your own clearer and better way, set forward the responsibility that each element should bear in reconstituting industry in the endeavor to establish justice, liberty, prosperity and happiness in the industrial world, which makes up so great a proportion of our whole life.

Through research to develop the real facts, through education to disseminate the exact truth, through the stimulation of moral sense, through enlightened co-operation between industrial leaders, wage earners and educators, the emancipation of industry from a mere struggle for existence or for the mere aggrandizement of wealth can be accomplished, and industry and labor be established upon that plane of security, dignity and honor which was undoubtedly intended in the Almighty's Scheme of Human Life.

**END OF
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